

106TH CONGRESS
2D SESSION

S. 2987

To amend title XVIII of the Social Security Act to promote access to health care services in rural areas, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 27, 2000

Mr. ROBERTS (for himself, Mr. GRASSLEY, Mr. JEFFORDS, Mr. THOMAS, and Mr. CONRAD) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to promote access to health care services in rural areas, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Rural Health Care in the 21st Century Act of 2000”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—HIGH TECHNOLOGY

Sec. 101. High technology acquisition grant and loan program.

- Sec. 102. Refinement of medicare reimbursement for telehealth services.
- Sec. 103. Extension of telemedicine demonstration projects.

TITLE II—IMPROVEMENTS IN THE DISPROPORTIONATE SHARE HOSPITAL (DSH) PROGRAM

- Sec. 201. Disproportionate share hospital adjustment for rural hospitals.

TITLE III—IMPROVEMENTS IN THE CRITICAL ACCESS HOSPITAL (CAH) PROGRAM

- Sec. 301. Treatment of swing-bed services furnished by critical access hospitals.
- Sec. 302. Treatment of ambulance services furnished by certain critical access hospitals.
- Sec. 303. Treatment of home health services furnished by certain critical access hospitals.
- Sec. 304. Designation of a single fiscal intermediary for all critical access hospitals.
- Sec. 305. Establishment of an all-inclusive payment option for outpatient critical access hospital services.

TITLE IV—OUTPATIENT SERVICES FURNISHED BY RURAL PROVIDERS

- Sec. 401. Permanent guarantee of pre-BBA payment levels for outpatient services furnished by rural hospitals.
- Sec. 402. Provider-based rural health clinic cap exemption.
- Sec. 403. Payment for certain physician assistant services.
- Sec. 404. Exclusion of rural health clinic services from the PPS for skilled nursing facilities.
- Sec. 405. Bonus payments for rural home health agencies.

TITLE V—BAD DEBT

- Sec. 501. Restoration of full payment for bad debts of qualified medicare beneficiaries.

TITLE VI—NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

- Sec. 601. Exclusion of certain amounts received under the National Health Service Corps scholarship program.

TITLE VII—TECHNICAL CORRECTIONS TO BALANCED BUDGET REFINEMENT ACT OF 1999

- Sec. 701. Extension of option to use rebased target amounts to all sole community hospitals.
- Sec. 702. Payments to critical access hospitals for clinical diagnostic laboratory tests.

1 **TITLE I—HIGH TECHNOLOGY**

2 **SEC. 101. HIGH TECHNOLOGY ACQUISITION GRANT AND**
 3 **LOAN PROGRAM.**

4 (a) ESTABLISHMENT OF PROGRAM.—Title III of the
 5 Public Health Service Act (42 U.S.C. 241 et seq.) is
 6 amended by inserting after section 330D the following:

7 **“SEC. 330E. HIGH TECHNOLOGY ACQUISITION GRANT AND**
 8 **LOAN PROGRAM.**

9 “(a) ESTABLISHMENT OF PROGRAM.—The Sec-
 10 retary, acting through the Director of the Office of Rural
 11 Health Policy (of the Health Resources and Services Ad-
 12 ministration), shall establish a High Technology Acquisi-
 13 tion Grant and Loan Program for the purpose of—

14 “(1) improving the quality of health care in
 15 rural areas through the acquisition of advanced med-
 16 ical technology;

17 “(2) fostering the development the networks de-
 18 scribed in section 330D(c);

19 “(3) promoting resource sharing between urban
 20 and rural facilities; and

21 “(4) improving patient safety and outcomes
 22 through the acquisition of high technology, including
 23 software, information services, and staff training.

24 “(b) GRANTS AND LOANS.—Under the program es-
 25 tablished under subsection (a), the Secretary, acting

1 through the Director of the Office of Rural Health Policy,
 2 may award grants and make loans to any eligible entity
 3 (as defined in subsection (d)(1)) for any costs incurred
 4 by the eligible entity in acquiring eligible equipment and
 5 services (as defined in subsection (d)(2)).

6 “(c) LIMITATIONS.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
 8 the total amount of grants and loans made under
 9 this section to an eligible entity may not exceed
 10 \$100,000.

11 “(2) FEDERAL SHARING.—

12 “(A) GRANTS.—The amount of any grant
 13 awarded under this section may not exceed 70
 14 percent of the costs to the eligible entity in ac-
 15 quiring eligible equipment and services.

16 “(B) LOANS.—The amount of any loan
 17 made under this section may not exceed 90 per-
 18 cent of the costs to the eligible entity in acquir-
 19 ing eligible equipment and services.

20 “(d) DEFINITIONS.—In this section:

21 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
 22 tity’ means a hospital, health center, or any other
 23 entity that the Secretary determines is appropriate
 24 that is located in a rural area or region.

1 “(2) ELIGIBLE EQUIPMENT AND SERVICES.—

2 The term ‘eligible equipment and services’
3 includes—

4 “(A) unit dose distribution systems;

5 “(B) software and information services and
6 staff training;

7 “(C) wireless devices to transmit medical
8 orders;

9 “(D) clinical health care informatics sys-
10 tems, including bar code systems designed to
11 avoid medication errors and patient tracking
12 systems; and

13 “(E) any other technology that improves
14 the quality of health care provided in rural
15 areas.

16 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the
17 purpose of carrying out this section there are authorized
18 to be appropriated such sums as may be necessary for
19 each of the fiscal years 2001 through 2006.”.

20 **SEC. 102. REFINEMENT OF MEDICARE REIMBURSEMENT**
21 **FOR TELEHEALTH SERVICES.**

22 (a) REVISION OF TELEHEALTH PAYMENT METHOD-
23 OLOGY AND ELIMINATION OF FEE-SHARING REQUIRE-
24 MENT.—Section 4206(b) of the Balanced Budget Act of

1 1997 (42 U.S.C. 1395l note) is amended to read as fol-
 2 lows:

3 “(b) METHODOLOGY FOR DETERMINING AMOUNT OF
 4 PAYMENTS.—

5 “(1) IN GENERAL.—The Secretary shall pay
 6 to—

7 “(A) the physician or practitioner at a dis-
 8 tant site that provides an item or service under
 9 subsection (a) an amount equal to the amount
 10 that such physician or provider would have been
 11 paid had the item or service been provided with-
 12 out the use of a telecommunications system;
 13 and

14 “(B) the originating site a facility fee for
 15 facility services furnished in connection with
 16 such item or service.

17 “(2) APPLICATION OF PART B COINSURANCE
 18 AND DEDUCTIBLE.—Any payment made under this
 19 section shall be subject to the coinsurance and de-
 20 ductible requirements under subsections (a)(1) and
 21 (b) of section 1833 of the Social Security Act (42
 22 U.S.C. 1395l).

23 “(3) DEFINITIONS.—In this subsection:

24 “(A) DISTANT SITE.—The term ‘distant
 25 site’ means the site at which the physician or

practitioner is located at the time the item or service is provided via a telecommunications system.

“(B) FACILITY FEE.—The term ‘facility fee’ means an amount equal to—

“(i) for 2000 and 2001, \$20; and

“(ii) for a subsequent year, the facility fee under this subsection for the previous year increased by the percentage increase in the MEI (as defined in section 1842(i)(3)) for such subsequent year.

“(C) ORIGINATING SITE.—

“(i) IN GENERAL.—The term ‘originating site’ means the site described in clause (ii) at which the eligible telehealth beneficiary under the medicare program is located at the time the item or service is provided via a telecommunications system.

“(ii) SITES DESCRIBED.—The sites described in this paragraph are as follows:

“(I) On or before January 1, 2002, the office of a physician or a practitioner, a critical access hospital, a rural health clinic, and a Federally qualified health center.

1 “(II) On or before January 1,
2 2003, the sites described in subclause
3 (I), a hospital, a skilled nursing facil-
4 ity, a comprehensive outpatient reha-
5 bilitation facility, a renal dialysis facil-
6 ity, an ambulatory surgical center, an
7 Indian Health Service facility, and a
8 community mental health center.”.

9 (b) ELIMINATION OF REQUIREMENT FOR TELEPRE-
10 SENTER.—Section 4206 of the Balanced Budget Act of
11 1997 (42 U.S.C. 1395l note) is amended—

12 (1) in subsection (a), by striking “, notwith-
13 standing that the individual physician” and all that
14 follows before the period at the end; and

15 (2) by adding at the end the following new sub-
16 section:

17 “(e) TELEPRESENTER NOT REQUIRED.—Nothing in
18 this section shall be construed as requiring an eligible tele-
19 health beneficiary to be presented by a physician or practi-
20 tioner for the provision of an item or service via a tele-
21 communications system.”.

22 (c) REIMBURSEMENT FOR MEDICARE BENE-
23 FICIARIES WHO DO NOT RESIDE IN A HPSA.—Section
24 4206(a) of the Balanced Budget Act of 1997 (42 U.S.C.
25 1395l note), as amended by subsection (b), is amended—

1 (1) by striking “IN GENERAL.—Not later than”
 2 and inserting the following: “TELEHEALTH SERV-
 3 ICES REIMBURSED.—

4 “(1) IN GENERAL.—Not later than”;

5 (2) by striking “furnishing a service for which
 6 payment” and all that follows before the period and
 7 inserting “to an eligible telehealth beneficiary”; and

8 (3) by adding at the end the following new
 9 paragraph:

10 “(2) ELIGIBLE TELEHEALTH BENEFICIARY DE-
 11 FINED.—In this section, the term ‘eligible telehealth
 12 beneficiary’ means a beneficiary under the medicare
 13 program under title XVIII of the Social Security Act
 14 (42 U.S.C. 1395 et seq.) that resides in—

15 “(A) an area that is designated as a health
 16 professional shortage area under section
 17 332(a)(1)(A) of the Public Health Service Act
 18 (42 U.S.C. 254e(a)(1)(A));

19 “(B) a county that is not included in a
 20 Metropolitan Statistical Area;

21 “(C) an inner-city area that is medically
 22 underserved (as defined in section 330(b)(3) of
 23 the Public Health Service Act (42 U.S.C.
 24 254b(b)(3))); or

1 “(D) an area in which there is a Federal
2 telemedicine demonstration program.”.

3 (d) TELEHEALTH COVERAGE FOR DIRECT PATIENT
4 CARE.—

5 (1) IN GENERAL.—Section 4206 of the Bal-
6 anced Budget Act of 1997 (42 U.S.C. 1395l note),
7 as amended by subsection (c), is amended—

8 (A) in subsection (a)(1), by striking “pro-
9 fessional consultation via telecommunications
10 systems with a physician” and inserting “items
11 and services for which payment may be made
12 under such part that are furnished via a tele-
13 communications system by a physician”; and

14 (B) by adding at the end the following new
15 subsection:

16 “(f) COVERAGE OF ITEMS AND SERVICES.—Payment
17 for items and services provided pursuant to subsection (a)
18 shall include payment for professional consultations, office
19 visits, office psychiatry services, including any service
20 identified as of July 1, 2000, by HCPCS codes 99241–
21 99275, 99201–99215, 90804–90815, and 90862, and any
22 additional item or service specified by the Secretary.”.

23 (2) STUDY AND REPORT REGARDING ADDI-
24 TIONAL ITEMS AND SERVICES.—

1 (A) STUDY.—The Secretary of Health and
 2 Human Services shall conduct a study to iden-
 3 tify items and services in addition to those de-
 4 scribed in section 4206(f) of the Balanced
 5 Budget Act of 1997 (as added by paragraph
 6 (1)) that would be appropriate to provide pay-
 7 ment under title XVIII of the Social Security
 8 Act (42 U.S.C. 1395 et seq.).

9 (B) REPORT.—Not later than 2 years after
 10 the date of enactment of this Act, the Secretary
 11 shall submit a report to Congress on the study
 12 conducted under subparagraph (A) together
 13 with such recommendations for legislation that
 14 the Secretary determines are appropriate.

15 (e) ALL PHYSICIANS AND PRACTITIONERS ELIGIBLE
 16 FOR TELEHEALTH REIMBURSEMENT.—Section 4206(a)
 17 of the Balanced Budget Act of 1997 (42 U.S.C. 1395l
 18 note), as amended by subsection (d), is amended—

19 (1) in paragraph (1), by striking “(described in
 20 section 1842(b)(18)(C) of such Act (42 U.S.C.
 21 1395u(b)(18)(C))”; and

22 (2) by adding at the end the following new
 23 paragraph:

24 “(3) PRACTITIONER DEFINED.—For purposes
 25 of paragraph (1), the term ‘practitioner’ includes—

1 “(A) a practitioner described in section
 2 1842(b)(18)(C) of the Social Security Act (42
 3 U.S.C. 1395u(b)(18)(C)); and

4 “(B) a physical, occupational, or speech
 5 therapist.”.

6 (f) TELEHEALTH SERVICES PROVIDED USING
 7 STORE-AND-FORWARD TECHNOLOGIES.—Section
 8 4206(a)(1) of the Balanced Budget Act of 1997 (42
 9 U.S.C. 1395l note), as amended by subsection (e), is
 10 amended by adding at the end the following new para-
 11 graph:

12 “(4) USE OF STORE-AND-FORWARD TECH-
 13 NOLOGIES.—For purposes of paragraph (1), in the
 14 case of any Federal telemedicine demonstration pro-
 15 gram in Alaska or Hawaii, the term ‘telecommuni-
 16 cations system’ includes store-and-forward tech-
 17 nologies that provide for the asynchronous trans-
 18 mission of health care information in single or multi-
 19 media formats.”.

20 (g) CONSTRUCTION RELATING TO HOME HEALTH
 21 SERVICES.—Section 4206(a) of the Balanced Budget Act
 22 of 1997 (42 U.S.C. 1395l note), as amended by subsection
 23 (f), is amended by adding at the end the following new
 24 paragraph:

1 “(5) CONSTRUCTION RELATING TO HOME
2 HEALTH SERVICES.—

3 “(A) IN GENERAL.—Nothing in this sec-
4 tion or in section 1895 of the Social Security
5 Act (42 U.S.C. 1395fff) shall be construed as
6 preventing a home health agency that is receiv-
7 ing payment under the prospective payment
8 system described in such section from fur-
9 nishing a home health service via a tele-
10 communications system.

11 “(B) LIMITATION.—The Secretary shall
12 not consider a home health service provided in
13 the manner described in subparagraph (A) to
14 be a home health visit for purposes of—

15 “(i) determining the amount of pay-
16 ment to be made under the prospective
17 payment system established under section
18 1895 of the Social Security Act (42 U.S.C.
19 1395fff); or

20 “(ii) any requirement relating to the
21 certification of a physician required under
22 section 1814(a)(2)(C) of such Act (42
23 U.S.C. 1395f(a)(2)(C)).”.

1 (h) EFFECTIVE DATE.—The amendments made by
 2 this Act shall apply to items and services provided on or
 3 after the date of enactment of this Act.

4 **SEC. 103. EXTENSION OF TELEMEDICINE DEMONSTRATION**
 5 **PROJECTS.**

6 The Secretary of Health and Human Services shall
 7 maintain through September 30, 2003, the grant and
 8 operational phases of any telemedicine demonstration
 9 project conducted under the medicare program under title
 10 XVIII of the Social Security Act (42 U.S.C. 1395 et
 11 seq.)—

12 (1) for which funds were expended before the
 13 date of enactment of the Balanced Budget Act of
 14 1997 (Public Law 105–133; 111 Stat. 251); and

15 (2) that is ongoing as of the date of enactment
 16 of this Act.

17 **TITLE II—IMPROVEMENTS IN**
 18 **THE DISPROPORTIONATE**
 19 **SHARE HOSPITAL (DSH) PRO-**
 20 **GRAM**

21 **SEC. 201. DISPROPORTIONATE SHARE HOSPITAL ADJUST-**
 22 **MENT FOR RURAL HOSPITALS.**

23 (a) APPLICATION OF UNIFORM 15 PERCENT
 24 THRESHOLD.—Section 1886(d)(5)(F)(v) of the Social Se-
 25 curity Act (42 U.S.C. 1395ww(d)(5)(F)(v)) is amended by

1 striking “exceeds—” and all that follows and inserting
2 “exceeds 15 percent.”.

3 (b) CHANGE IN PAYMENT PERCENTAGE FOR-
4 MULAS.—Section 1886(d)(5)(F) of the Social Security Act
5 (42 U.S.C. 1395ww(d)(5)(F)) is amended—

6 (1) in clause (iv), by striking “and that—” and
7 all that follows and inserting “is equal to the per-
8 centage determined in accordance with the applica-
9 ble formula described in clause (vii).”;

10 (2) in clause (vii), by striking “clause (iv)(I)”
11 and inserting “clause (iv)”; and

12 (3) by striking clause (viii) and inserting the
13 following new clause:

14 “(viii) No hospital described in clause (iv) may re-
15 ceive a payment amount under this section that is less
16 than the payment amount that would have been made
17 under this section if the amendments made by section 201
18 of the Rural Health Care in the 21st Century Act of 2000
19 had not been enacted.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section apply to discharges occurring on or after Octo-
22 ber 1, 2000.

1 **TITLE III—IMPROVEMENTS IN**
 2 **THE CRITICAL ACCESS HOS-**
 3 **PITAL (CAH) PROGRAM**

4 **SEC. 301. TREATMENT OF SWING-BED SERVICES FUR-**
 5 **NISHED BY CRITICAL ACCESS HOSPITALS.**

6 (a) EXEMPTION FROM SNF PPS.—Section
 7 1888(e)(7) of the Social Security Act (42 U.S.C.
 8 1395yy(e)(7)) is amended—

9 (1) in the heading, by striking “TRANSITION
 10 FOR” and inserting “TREATMENT OF”;

11 (2) in subparagraph (A), by striking “IN GEN-
 12 ERAL.—The” and inserting “TRANSITION.—Except
 13 as provided in subparagraph (C), the”;

14 (3) in subparagraph (B), by striking “, for
 15 which” and all that follows before the period at the
 16 end and inserting “(other than critical access hos-
 17 pitals)”; and

18 (4) by adding at the end the following new sub-
 19 paragraph:

20 “(C) CRITICAL ACCESS HOSPITALS.—In
 21 the case of facilities described in subparagraph
 22 (B) that are critical access hospitals—

23 “(i) the prospective payment system
 24 established under this subsection shall not

1 apply to services furnished pursuant to an
2 agreement described in section 1883; and

3 “(ii) such services shall be paid on the
4 basis specified in subsection (a)(3) of such
5 section.”.

6 (b) PAYMENT BASIS FOR SWING-BED SERVICES
7 FURNISHED BY CRITICAL ACCESS HOSPITALS.—Section
8 1883(a) of the Social Security Act (42 U.S.C. 1395tt(a))
9 is amended—

10 (1) in paragraph (2)(A), by inserting “(other
11 than a critical access hospital)” after “any hospital”;
12 and

13 (2) by adding at the end the following new
14 paragraph:

15 “(3) Notwithstanding any other provision of
16 this title, a critical access hospital shall be paid for
17 services furnished under an agreement entered into
18 under this section on the basis of the reasonable
19 costs of such services (as determined under section
20 1861(v)).”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to cost reporting periods beginning
23 on or after October 1, 1999.

1 **SEC. 302. TREATMENT OF AMBULANCE SERVICES FUR-**
 2 **NISHED BY CERTAIN CRITICAL ACCESS HOS-**
 3 **PITALS.**

4 (a) EXEMPTION FROM AMBULANCE FEE SCHED-
 5 ULE.—

6 (1) IN GENERAL.—Section 1834(l) of the Social
 7 Security Act (42 U.S.C. 1395m(l)) is amended by
 8 adding at the end the following new paragraph:

9 “(8) INAPPLICABILITY OF FEE SCHEDULE TO
 10 CERTAIN SERVICES.—In the case of ambulance serv-
 11 ices (described in section 1861(s)(7)) that are pro-
 12 vided in a locality by a critical access hospital that
 13 is the only provider of ambulance services in the lo-
 14 cality, or by an entity that is owned and operated by
 15 such a critical access hospital—

16 “(A) the fee schedule established under
 17 this subsection shall not apply; and

18 “(B) payment under this part shall be paid
 19 on the basis of the reasonable costs incurred in
 20 providing such services.”.

21 (2) CONFORMING AMENDMENTS.—Section
 22 1833(a)(1) of the Social Security Act (42 U.S.C.
 23 1395l(a)(1)) is amended—

24 (A) in subparagraph (R)—

1 (i) by inserting “except as provided in
 2 subparagraph (T),” before “with respect”;
 3 and

4 (ii) by striking “and” at the end; and
 5 (B) in subparagraph (S), by striking the
 6 semicolon at the end and inserting “, and (T)
 7 with respect to ambulance services described in
 8 section 1834(l)(8), the amount paid shall be 80
 9 percent of the lesser of the actual charge for
 10 the services or the amount determined under
 11 such section;”.

12 (3) EFFECTIVE DATE.—The amendments made
 13 by this subsection shall apply to cost reporting peri-
 14 ods beginning on or after October 1, 1999.

15 (b) EXEMPTION FROM REASONABLE COST REDUC-
 16 TIONS.—

17 (1) EXEMPTION.—Section 1861(v)(1)(U) of the
 18 Social Security Act (42 U.S.C. 1395x(v)(1)(U)) is
 19 amended by inserting after the first sentence the fol-
 20 lowing new sentence: “The reductions required by
 21 the preceding sentence shall not apply in the case of
 22 ambulance services that are provided in a locality on
 23 or after October 1, 1999, by a critical access hos-
 24 pital that is the only provider of ambulance services

1 in the locality, or by an entity that is owned and op-
 2 erated by such a critical access hospital.”.

3 (2) TECHNICAL AMENDMENT.—Section
 4 1861(v)(1) of the Social Security Act (42 U.S.C.
 5 1395x(v)(1)) is amended by realigning subparagraph
 6 (U) so as to align the left margin of such subpara-
 7 graph with the left margin of subparagraph (T).

8 **SEC. 303. TREATMENT OF HOME HEALTH SERVICES FUR-**
 9 **NISHED BY CERTAIN CRITICAL ACCESS HOS-**
 10 **PITALS.**

11 (a) EXEMPTION FROM HOME HEALTH INTERIM
 12 PAYMENT SYSTEM.—Section 1861(v)(1)(L) of the Social
 13 Security Act (42 U.S.C. 1395x(v)(1)(L)) is amended by
 14 adding at the end the following new clause:

15 “(xi) The preceding provisions of this
 16 subparagraph shall not apply to home
 17 health services that are furnished on or
 18 after October 1, 2000, by a home health
 19 agency that is—

20 “(I) the only home health agency
 21 serving a locality; and

22 “(II) owned and operated by a
 23 critical access hospital.”.

24 (b) EXEMPTION FROM PPS.—

1 (1) IN GENERAL.—Section 1895 of the Social
2 Security Act (42 U.S.C. 1395fff) is amended by
3 adding at the end the following new subsection:

4 “(e) EXEMPTION.—The prospective payment system
5 established under this section shall not apply in deter-
6 mining payments for home health services furnished by
7 a home health agency that is—

8 “(1) the only home health agency serving a lo-
9 cality; and

10 “(2) owned and operated by a critical access
11 hospital.”.

12 (2) CONFORMING AMENDMENT.—Section
13 1833(a)(2)(A) of the Social Security Act (42 U.S.C.
14 1395(a)(2)(A)) is amended by inserting “home
15 health services described in section 1895(e) and
16 other than” after “other than”.

17 (3) TECHNICAL AMENDMENT.—Section
18 1833(a)(2)(A) of the Social Security Act (42 U.S.C.
19 1395(a)(2)(A)) is amended by striking “drug) (as
20 defined in section 1861(kk))” and inserting “drug
21 (as defined in section 1861(kk)))”.

22 (4) EFFECTIVE DATE.—The amendments made
23 by this subsection shall apply to cost reporting peri-
24 ods beginning on or after October 1, 2000.

1 **SEC. 304. DESIGNATION OF A SINGLE FISCAL INTER-**
 2 **MEDIARY FOR ALL CRITICAL ACCESS HOS-**
 3 **PITALS.**

4 Section 1816 of the Social Security Act (42 U.S.C.
 5 1395h) is amended by adding at the end the following:
 6 “(m) Not later than October 1, 2000, the Secretary
 7 shall designate a national agency or organization with an
 8 agreement under this section to perform functions under
 9 the agreement with respect to each critical access hospital
 10 electing to have such functions performed by such agency
 11 or organization.”.

12 **SEC. 305. ESTABLISHMENT OF AN ALL-INCLUSIVE PAYMENT**
 13 **OPTION FOR OUTPATIENT CRITICAL ACCESS**
 14 **HOSPITAL SERVICES.**

15 (a) ALL-INCLUSIVE PAYMENT OPTION FOR OUT-
 16 PATIENT CRITICAL ACCESS HOSPITAL SERVICES.—Sec-
 17 tion 1834(g) of the Social Security Act (42 U.S.C.
 18 1395m(g)) is amended—

19 (1) by striking paragraph (1) and inserting the
 20 following new paragraph:

21 “(1) ELECTION OF CAH.—At the election of a
 22 critical access hospital, the amount of payment for
 23 outpatient critical access hospital services under this
 24 part shall be determined under paragraph (2) or (3),
 25 such amount determined under either paragraph

1 without regard to the amount of the customary or
2 other charge.”; and

3 (2) by striking paragraph (3) and inserting the
4 following new paragraph:

5 “(3) ALL-INCLUSIVE RATE.—If a critical access
6 hospital elects this paragraph to apply, with respect
7 to both facility services and professional services,
8 there shall be paid amounts equal to the reasonable
9 costs of the critical access hospital in providing such
10 services (except that in the case of clinical diagnostic
11 laboratory services furnished by a critical access hos-
12 pital the amount of payment shall be equal to 100
13 percent of the reasonable costs of the critical access
14 hospital in providing such services), less the amount
15 that such hospital may charge as described in sec-
16 tion 1866(a)(2)(A).”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 subparagraph (a) shall take effect as if included in the
19 enactment of section 403(d) of the Medicare, Medicaid,
20 and SCHIP Balanced Budget Refinement Act of 1999
21 (113 Stat. 1501A–371), as enacted into law by section
22 1000(a)(6) of Public Law 106–113.

1 **TITLE IV—OUTPATIENT SERV-**
 2 **ICES FURNISHED BY RURAL**
 3 **PROVIDERS**

4 **SEC. 401. PERMANENT GUARANTEE OF PRE-BBA PAYMENT**
 5 **LEVELS FOR OUTPATIENT SERVICES FUR-**
 6 **NISHED BY RURAL HOSPITALS.**

7 (a) IN GENERAL.—Section 1833(t)(7)(D) of the So-
 8 cial Security Act (42 U.S.C. 1395l(t)(7)(D)), as added by
 9 section 202 of the Medicare, Medicaid, and SCHIP Bal-
 10 anced Budget Refinement Act of 1999 (113 Stat. 1501A–
 11 342), as enacted into law by section 1000(a)(6) of Public
 12 Law 106–113, is amended to read as follows:

13 “(D) HOLD HARMLESS PROVISIONS FOR
 14 SMALL RURAL HOSPITALS AND CANCER HOS-
 15 PITALS.—In the case of a hospital located in a
 16 rural area and that has not more than 100 beds
 17 or a hospital described in section
 18 1886(d)(1)(B)(v), for covered OPD services for
 19 which the PPS amount is less than the pre-
 20 BBA amount, the amount of payment under
 21 this subsection shall be increased by the
 22 amount of such difference.”.

23 (b) EFFECTIVE DATE.—The amendment made by
 24 subsection (a) shall take effect as if included in the enact-
 25 ment of section 202 of the Medicare, Medicaid, and

1 SCHIP Balanced Budget Refinement Act of 1999 (113
2 Stat. 1501A–342), as enacted into law by section
3 1000(a)(6) of Public Law 106–113.

4 **SEC. 402. PROVIDER-BASED RURAL HEALTH CLINIC CAP**
5 **EXEMPTION.**

6 (a) IN GENERAL.—The matter in section 1833(f) of
7 the Social Security Act (42 U.S.C. 1395l(f)) preceding
8 paragraph (1) is amended by striking “with less than 50
9 beds” and inserting “with an average daily patient census
10 that does not exceed 50”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subparagraph (A) applies to services furnished on or after
13 January 1, 2001.

14 **SEC. 403. PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT**
15 **SERVICES.**

16 (a) PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT
17 SERVICES.—Section 1842(b)(6)(C) of the Social Security
18 Act (42 U.S.C. 1395u(b)(6)(C)) is amended by striking
19 “for such services provided before January 1, 2003,”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall take effect on the date of enactment
22 of this Act.

1 **SEC. 404. EXCLUSION OF RURAL HEALTH CLINIC SERVICES**
 2 **FROM THE PPS FOR SKILLED NURSING FA-**
 3 **CILITIES.**

4 (a) IN GENERAL.—Section 1888(e)(2)(A)(ii) of the
 5 Social Security Act (42 U.S.C. 1395yy(e)(2)(A)(ii)) is
 6 amended by inserting after the first sentence the fol-
 7 lowing: “Services described in this clause also include serv-
 8 ices that are provided by a physician, a physician assist-
 9 ant, a nurse practitioner, a certified nurse midwife, or a
 10 qualified psychologist who is employed, or otherwise under
 11 contract, with a rural health clinic.”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 subsection (a) shall apply to services furnished on or after
 14 January 1, 2001.

15 **SEC. 405. BONUS PAYMENTS FOR RURAL HOME HEALTH**
 16 **AGENCIES.**

17 (a) INCREASE IN PAYMENT RATES FOR RURAL
 18 AGENCIES.—

19 (1) IN GENERAL.—Section 1895(b) of the So-
 20 cial Security Act (42 U.S.C. 1395fff(b)) is amended
 21 by adding at the end the following new paragraph:

22 “(7) ADDITIONAL PAYMENT AMOUNT FOR
 23 SERVICES FURNISHED IN RURAL AREAS.—In the
 24 case of home health services furnished in a rural
 25 area (as defined in section 1886(d)(2)(D)), the Sec-
 26 retary shall provide for an addition or adjustment to

1 the payment amount otherwise made under this sec-
 2 tion for services furnished in a rural area in an
 3 amount equal to 10 percent of the amount otherwise
 4 determined under this subsection.”.

5 (2) WAIVING BUDGET NEUTRALITY.—Section
 6 1895(b)(3) of such Act (42 U.S.C. 1395fff(b)(3)) is
 7 amended by adding at the end the following new
 8 subparagraph:

9 “(D) NO ADJUSTMENT FOR ADDITIONAL
 10 PAYMENTS FOR RURAL SERVICES.—The Sec-
 11 retary shall not reduce the standard prospective
 12 payment amount (or amounts) under this para-
 13 graph applicable to home health services fur-
 14 nished during a period to offset the increase in
 15 payments resulting from the application of
 16 paragraph (7) (relating to services furnished in
 17 rural areas).”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 subsection (a) shall apply to episodes of care beginning
 20 on or after April 1, 2001.

TITLE V—BAD DEBT

SEC. 501. RESTORATION OF FULL PAYMENT FOR BAD DEBTS OF QUALIFIED MEDICARE BENEFICIARIES.

(a) MEDICARE COST-SHARING UNCOLLECTIBLE AND NOT COVERED BY MEDICAID STATE PLANS.—Section 1902(n)(3)(B) of the Social Security Act (42 U.S.C. 1396a(n)(3)(B)) is amended—

(1) by inserting “(i)” after “(B)”; and

(2) by adding at the end the following new clause:

“(ii) the amount of medicare cost-sharing that is uncollectible from the beneficiary because of clause (i) and that is not paid by any other individual or entity shall be deemed to be bad debt for purposes of title XVIII; and”.

(b) RECOGNITION OF 100 PERCENT OF BAD DEBT.—

(1) NONAPPLICATION OF REDUCTION.—Section 1861(v)(1)(T) of the Social Security Act (42 U.S.C. 1395x(v)(1)(T)) is amended by inserting “(other than any amount deemed to be bad debt under section 1902(n)(3)(B)(ii))” after “amounts under this title”.

1 (2) RECOGNITION WITH RESPECT TO CER-
 2 TIFIED NURSE ANESTHETISTS, NURSE PRACTI-
 3 TIONERS, AND CLINICAL NURSE SPECIALISTS.—Sec-
 4 tion 1833 of the Social Security Act (42 U.S.C.
 5 1395l) is amended—

6 (A) in subsection (l)(5)(B), by striking
 7 “No hospital” and inserting “Except as pro-
 8 vided in section 1902(n)(3)(B)(ii), no hospital”;
 9 and

10 (B) in subsection (r)(2), by striking “No
 11 hospital” and inserting “Except as provided in
 12 section 1902(n)(3)(B)(ii), no hospital”.

13 (c) TECHNICAL AMENDMENT.—Section
 14 1861(v)(1)(T) of the Social Security Act (42 U.S.C.
 15 1395x(v)(1)(T)) is amended by striking “1833(t)(5)(B)”
 16 and inserting “1833(t)(8)(B)” in the matter preceding
 17 clause (i).

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to bad debt incurred on or after
 20 the date of enactment of this Act.

1 **TITLE VI—NATIONAL HEALTH**
 2 **SERVICE CORPS SCHOLAR-**
 3 **SHIP PROGRAM**

4 **SEC. 601. EXCLUSION OF CERTAIN AMOUNTS RECEIVED**
 5 **UNDER THE NATIONAL HEALTH SERVICE**
 6 **CORPS SCHOLARSHIP PROGRAM.**

7 (a) IN GENERAL.—Section 117(c) of the Internal
 8 Revenue Code of 1986 (relating to the exclusion from
 9 gross income amounts received as a qualified scholarship)
 10 is amended—

11 (1) by striking “Subsections (a)” and inserting
 12 the following:

13 “(1) IN GENERAL.—Except as provided in para-
 14 graph (2), subsections (a)”;

15 (2) by adding at the end the following new
 16 paragraph:

17 “(2) EXCEPTION.—Paragraph (1) shall not
 18 apply to any amount received by an individual under
 19 the National Health Service Corps Scholarship Pro-
 20 gram under section 338A(g)(1)(A) of the Public
 21 Health Service Act.”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 subsection (a) shall apply to amounts received in taxable
 24 years beginning after December 31, 1994.

1 **TITLE VII—TECHNICAL CORREC-**
 2 **TIONS TO BALANCED BUDGET**
 3 **REFINEMENT ACT OF 1999**

4 **SEC. 701. EXTENSION OF OPTION TO USE REBASED TARGET**
 5 **AMOUNTS TO ALL SOLE COMMUNITY HOS-**
 6 **PITALS.**

7 (a) IN GENERAL.—Section 1886(b)(3)(I)(i) of the
 8 Social Security Act (42 U.S.C. 1395ww(b)(3)(I)(i)) (as
 9 added by section 405 of the Medicare, Medicaid, and
 10 SCHIP Balanced Budget Refinement Act of 1999 (113
 11 Stat. 1501A–372), as enacted into law by section
 12 1000(a)(6) of Public Law 106–113) is amended—

13 (1) in the matter preceding subclause (I)—

14 (A) by striking “for its cost reporting pe-
 15 riod beginning during 1999 is paid on the basis
 16 of the target amount applicable to the hospital
 17 under subparagraph (C) and that”; and

18 (B) by striking “such target amount” and
 19 inserting “the amount otherwise determined
 20 under subsection (d)(5)(D)(i)”;

21 (2) in subclause (I), by striking “target amount
 22 otherwise applicable” and all that follows through
 23 “target amount’))” and inserting “the amount other-
 24 wise applicable to the hospital under subsection

1 (d)(5)(D)(i) (referred to in this clause as the ‘sub-
 2 section (d)(5)(D)(i) amount’); and

3 (3) in each of subclauses (II) and (III), by
 4 striking “subparagraph (C) target amount” and in-
 5 serting “subsection (d)(5)(D)(i) amount”.

6 (b) EFFECTIVE DATE.—The amendments made by
 7 this section shall take effect as if included in the enact-
 8 ment of the Medicare, Medicaid, and SCHIP Balanced
 9 Budget Refinement Act of 1999, as enacted into law by
 10 section 1000(a)(6) of Public Law 106–113.

11 **SEC. 702. PAYMENTS TO CRITICAL ACCESS HOSPITALS FOR**
 12 **CLINICAL DIAGNOSTIC LABORATORY TESTS.**

13 (a) PAYMENT ON COST BASIS WITHOUT BENE-
 14 FICIARY COST-SHARING.—

15 (1) IN GENERAL.—Section 1833(a)(6) of the
 16 Social Security Act (42 U.S.C. 1395l(a)(6)) is
 17 amended by inserting “(including clinical diagnostic
 18 laboratory services furnished by a critical access hos-
 19 pital)” after “outpatient critical access hospital serv-
 20 ices”.

21 (2) NO BENEFICIARY COST-SHARING.—

22 (A) IN GENERAL.—Section 1834(g) of the
 23 Social Security Act (42 U.S.C. 1395m(g)) is
 24 amended by inserting “(except that in the case
 25 of clinical diagnostic laboratory services fur-

nished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)” before the period at the end.

(B) BBRA AMENDMENT.—Section 1834(g) of the Social Security Act (42 U.S.C. 1395m(g)) is amended—

(i) in paragraph (1), by inserting “(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)” after “such services,”; and

(ii) in paragraph (2)(A), by inserting “(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)” before the period at the end.

1 (b) CONFORMING AMENDMENTS.—Paragraphs
 2 (1)(D)(i) and (2)(D)(i) of section 1833(a) of the Social
 3 Security Act (42 U.S.C. 1395l(a)(1)(D)(i);
 4 1395l(a)(2)(D)(i)) are each amended by striking “or
 5 which are furnished on an outpatient basis by a critical
 6 access hospital”.

7 (c) TECHNICAL AMENDMENT.—Section 403(d)(2) of
 8 the Medicare, Medicaid, and SCHIP Balanced Budget Re-
 9 finement Act of 1999 (113 Stat. 1501A–371), as enacted
 10 into law by section 1000(a)(6) of Public Law 106–113,
 11 is amended by striking “subsection (a)” and inserting
 12 “paragraph (1)”.

13 (d) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as provided in para-
 15 graph (2), the amendments made by this section
 16 shall apply to services furnished on or after Novem-
 17 ber 29, 1999.

18 (2) BBRA AND TECHNICAL AMENDMENTS.—
 19 The amendments made by subsections (a)(2)(B) and
 20 (c) shall take effect as if included in the enactment
 21 of section 403(d) of the Medicare, Medicaid, and
 22 SCHIP Balanced Budget Refinement Act of 1999
 23 (113 Stat. 1501A–371), as enacted into law by sec-
 24 tion 1000(a)(6) of Public Law 106–113.

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